



## CITY OF SEATTLE 2015 STATE LEGISLATIVE BULLETIN

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Number 1

***The City of Seattle is committed to being a safe, vibrant, interconnected, and affordable city.***

### **Week Overview**

The Washington State Legislature convened in Olympia on Monday, January 12<sup>th</sup> to begin its 2015 legislative session. The legislature is kicking off the start of a new 2-yr cycle (2015-17), meaning that this will be a “long” 105-day session, during which new Operating, Transportation, and Capital Budgets will be negotiated. The legislature is once again facing a challenging fiscal environment, including a requirement from the Supreme Court to fully fund basic education that could cost over \$2.2 billion, and an additional \$5 billion in other obligations, while projected new revenues will amount to just under \$3 billion.

On Tuesday, Democratic Governor Jay Inslee gave his key note State of the State address to outline his plans for addressing these problems. Most notably, the governor advocated for more spending on education and transportation and his proposed carbon tax to fund these items. In addition, the governor called for a 7% capital gains tax on the earnings from sales of stocks, bonds and other assets valued above \$25,000 and \$50,000 for those filing jointly, projecting that this will generate \$798 million in new revenue. The governor’s office stated there is a \$4.5 billion shortfall that will require \$1.5 billion in new revenue with \$1.3 billion in cuts to balance the budget for the next four years. As a result, many legislators expect they will not be leaving the Capitol on the scheduled April 26<sup>th</sup> sine die. Most likely, the governor will be calling at least one 30-day special session to allow more time for budget negotiations.

Although there have been repeated calls for bipartisanship to manage the tasks ahead, the week started off with a distinctly partisan flavor, as Republicans in the Senate immediately passed a bill requiring a 2/3 majority vote for any new taxes, while the Senate Democrats helped elect Republican Sen. Pam Roach as the Speaker Pro Tem in the Senate.

### **Priority Areas**

#### **Education**

One of the top issues this session is education funding. During the interim, the Supreme Court issued an order to state lawmakers that they must show significant progress towards meeting McCleary funding responsibilities, or they will be held in contempt of the court. The governor's draft budget includes the largest ever state investment in early learning, which is a \$1.3 billion increase broken down like this:

- \$448 million for reducing K-to-3 class sizes to 17 (to partially address the I-1351 regulations voted in this fall)
- \$108 million to implement full-day kindergarten statewide; and
- \$752 million for fully funding MSOC (maintenance, supplies, and operating costs) in 2015-2016.

To date the Senate Republican Chair of the Ways and Means committee remains committed to the idea that education goals can be met primarily through reforms and cuts, with taxes remaining a last resort; while the lead Democratic budget writer in the House has stated that increased revenues are the only option left available. One Wednesday, Senate Ways & Means passed SB 5063. This legislation would funnel two-thirds of all state revenue growth to education.

### **Safety Net and Housing**

As was the case last year, stakeholders will be working to hold the line on cuts to the Housing Trust Fund, HEN and ABD funding as well as on other crucial social service programs. We expect to see a bill on Medicaid Supported Housing and bills to respond to another Supreme Court ruling on how mentally ill patients are treated in our judicial and health systems. On that last issue, 22 Representatives this week introduced HB 1258 regarding detention decisions under the Involuntary Treatment Act.

On Thursday, Jan 15<sup>th</sup>, the House Local Government Committee heard testimony on a bill (HB 1084) sponsored by Seattle representatives Gerry Pollet and Gael Tarleton that seeks to transfer some land use regulatory decision making on boundary lot change notices from the City to the State. The City testified in opposition to the bill, citing as reason the loss of local control and the singling out of Seattle as the only jurisdiction to be subject to these new rules. Testimony continues on the bill next week, with DPD representatives present.

A bill, SB 5026, to guarantee contraceptive coverage for women employees was pre-filed prior to session. Twenty-two Democrat Senators have co-sponsored the bill.

House and Senate members reintroduced a bill to streamline Tenant Screening reports, HB 1257 and SB 5123. Senator Miloscia prime-sponsored a bi-partisan bill (SB 5208) to allow the use of lodging taxes to finance workforce housing. Rep Zach Hudgins filed HB 1295 concerning Breakfast After the Bell programs.

### **Environment**

Governor Inslee is committed to using a carbon tax mechanism to help lower carbon emissions in the state while raising revenue for critical needs. He introduced bills SB 5283/HB 1314 to implement a carbon pollution market program this week. The plan targets approximately 130 of the state's top polluters to pay for emissions, based on the amount they produce, and is expected to raise an eventual \$1 billion. Revenues get distributed as follows:

- 40% general fund
- 40% transportation (inc. transit)
- 2% housing trust fund
- 2% “carbon pollution competitiveness tax credit (which is not defined but for trade exposed/energy dependent industries)
- 2% to assist working families (likely tied to the Earned Income Tax Credit)
- Remainder: administrative costs and “other”

A bill (SB 5057) seeking to address the issue of oil transportation by rail through the state was introduced in the Senate Energy and Environment Committee by Republican Senator Doug Ericksen. A competing bill from the Governor on this issue is expected in the next two weeks.

## **Transportation**

For the past two years, legislators have been trying to negotiate a transportation package. However, with Republicans controlling the Senate and Democrats in control of the House, finding a successful middle ground has been elusive. For the second consecutive year, in his State of the State address, the governor announced he would like to see a transportation funding package passed this session. Both the former House and the Senate versions of the transportation package include gas tax increases of over 10 cents per gallon, which would allow for as much as \$12 billion in projects over the next twelve years. Republicans continue to push for transportation reforms.

WSDOT will be presenting an update on the Viaduct Replacement and the 520 Floating bridge projects to the Senate Transportation committee on Thursday, January 22<sup>nd</sup>.

Sen Habib is working on a draft bill that would regulate Transportation Network Companies (TNC’s) at the state level. OIR and SDOT have been in regular dialogue with the Senator with our suggestions and concerns and hope to see a final bill that will be acceptable to all stakeholders.

## **Public Safety**

In a challenge to the recently passed Initiative 594, Representative Matt Shea introduced HB 1245, to repeal many of the background check provisions in that initiative.

Senator Jeanne Kohl-Welles this week submitted SB 5277 which would change the penalties for patronizing a prostitute to a gross misdemeanor.

On the continuing attempts to reconcile the medical marijuana market with the I-502 recreational market, Sen Ann Rivers has introduced an omnibus bill, SB 5052, and expects to file a number of smaller bills dealing with revenue and other issues. And Senator Kohl-Welles is expected to file an omnibus bill of her own in the coming weeks.

## **Looking Ahead**

Bills that OIR will be tracking in the coming week will be the continuing testimony on the Lot Boundary Bill (HB 1084), a water district assumption bill (SB 5048) introduced by Sen. Chase, two capital budget bills introduced by the Governor (HB 1115 and HB 1116), SB 5208 on workforce housing, SB 5123 on

tenant screening, HB 1086 regarding public records requests for commercial purposes, and HB 1087 regarding Speed Cameras in school zones. Also of interest are SB 5181 on disaster response, SB 5036 regarding body armor sentence enhancements, and SB 5078- funding for peer-support intervention programs for mental illness and chemical dependency.

This will be a long and potentially difficult session, but the work we achieved over the interim with the Mayor, Council and the Seattle delegation have created a solid foundation for a successful session. We look forward to Councilmembers' engagement throughout the session and we have confirmed February 12<sup>th</sup> and March 12<sup>th</sup> with Council President Burgess' office as lobby days for you. We look forward to those being productive days for you.